



Financial Statements

South Shore Regional Library Board

March 31, 2011

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Independent auditors' report

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To the Board of Directors
of the South Shore Regional Library Board

We have audited the accompanying financial statements of South Shore Regional Library Board, which comprise the statement of financial position as at March 31, 2011, and the statement of operations and statement of changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as those charged with governance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by those charged with governance, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

As is common with many charitable organizations, the Board derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Board and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenditures, assets and net assets.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of South Shore Regional Library Board as at March 31, 2011, and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



Bridgewater, Canada
June 21, 2011

Chartered Accountants

South Shore Regional Library Board

Statement of Operations

Year Ended March 31

2011

2010

	Budget (Unaudited)	Actual	Actual
Revenue			
Appropriations from Governments (Note 5)	\$ 1,370,800	\$ 1,370,803	\$ 1,311,285
Fines and fees	1,530	2,546	1,787
Tax rebates	-	225	-
Book sales and adopt-a-book	14,300	18,125	14,738
Photocopying and laser printing	5,000	3,676	4,379
Interest income	35	1,320	26
Student grants and miscellaneous	44,000	34,133	29,486
Other funding	29,500	55,880	19,894
Donations	4,520	7,846	4,356
Donated goods and services	12,000	1,010	6,183
	<u>1,481,685</u>	<u>1,495,564</u>	<u>1,392,134</u>
Expenditures			
Administration			
Salaries, wages and benefits	124,000	134,833	114,577
Pension charge amortization	-	8,569	7,584
Professional services	10,150	33,040	9,349
Supplies and service	18,100	34,335	37,627
Travel and training	21,100	3,442	4,808
Memberships	1,862	1,921	1,550
Headquarters expenses	85,470	81,846	80,108
Other expenses	1,150	942	936
	<u>261,832</u>	<u>298,928</u>	<u>256,539</u>
Support Services			
Salaries, wages and benefits	355,000	346,400	331,926
Supplies and service	21,150	19,054	4,475
Travel and training	13,000	7,744	3,411
Automation	21,000	21,795	24,540
	<u>410,150</u>	<u>394,993</u>	<u>364,352</u>
Public Services			
Salaries, wages and benefits	440,000	420,517	417,741
Library material	338,000	303,090	281,821
Supplies and service	7,165	11,099	9,541
Travel and training	1,100	6,464	6,845
Vehicle operation and new mobile bus	22,800	33,435	193,296
	<u>809,065</u>	<u>774,605</u>	<u>909,244</u>
Total expenditures	<u>1,481,047</u>	<u>1,468,526</u>	<u>1,530,135</u>
Excess of revenue over expenditures			
(expenditures over revenue)	\$ 638	\$ 27,038	\$ (138,001)

See accompanying notes to the financial statements.

South Shore Regional Library Board Statement of Changes in Net Assets

Year Ended March 31

2011

2010

	Budget (Unaudited)	Actual	<u>Actual</u>
Net (debt) assets, beginning of year	\$ -	\$ (17,220)	\$ 120,781
Transfer to revenue	-	-	-
Transfer to internally restricted reserve	-	(9,818)	-
	-	(27,038)	120,781
Excess of expenditures over revenue	<u>638</u>	<u>27,038</u>	<u>(138,001)</u>
Net assets (debt), end of year	<u>\$ 638</u>	<u>\$ -</u>	<u>\$ (17,220)</u>

See accompanying notes to the financial statements

South Shore Regional Library Board

Statement of Financial Position

March 31

2011

2010

Assets

Current

Cash and cash equivalents		
Unrestricted	\$ 124,121	\$ 70,700
Internally restricted	9,818	-
Receivables - trade	21,127	40,205
Prepays	<u>19,800</u>	<u>8,722</u>
	174,866	119,627
Deferred charges (Note 4)	30,265	37,849
Capital assets (Note 6)	<u>814,761</u>	<u>731,797</u>
	<u>\$ 1,019,892</u>	<u>\$ 889,273</u>

Liabilities

Payables and accruals - trade	\$ 61,999	\$ 37,391
Retirement allowance liability (Note 4)	67,380	66,395
Current portion of long term debt	<u>4,728</u>	<u>4,728</u>
	134,107	108,514
Long term debt (Note 7)	<u>61,206</u>	<u>66,182</u>
	<u>195,313</u>	<u>174,696</u>

Net Assets

Invested in capital assets (Page 6)	814,761	731,797
Internally restricted (Note 8)	9,818	-
Unrestricted	<u>-</u>	<u>(17,220)</u>
	<u>824,579</u>	<u>714,577</u>
	<u>\$ 1,019,892</u>	<u>\$ 889,273</u>

Commitments (Note 10)

On behalf of the Board

_____ Chairperson _____ Director

See accompanying notes to the financial statements.

South Shore Regional Library Board Net Assets Invested in Capital Assets

Year Ended March 31

2011

2010

Invested in capital assets, beginning of year	\$ 731,797	\$ 448,318
Add:		
Capital assets provided by revenue fund		
Mobile bus	-	169,168
Library materials	303,090	281,821
Equipment	11,921	9,581
	<u>1,046,808</u>	<u>908,888</u>
Subtract:		
Cost of mobile bus sold	<u>151</u>	<u>-</u>
Deduct:		
Depreciation		
Library materials	165,524	123,382
Equipment	13,518	14,407
Vehicle	52,748	39,170
Leasehold improvements	106	132
	<u>231,896</u>	<u>177,091</u>
Invested in capital assets, end of year	<u>\$ 814,761</u>	<u>\$ 731,797</u>

See accompanying notes to the financial statements

South Shore Regional Library Board

Notes to the Financial Statements

March 31, 2011

1. Nature of organization

The South Shore Regional Library Board operates public libraries in communities throughout Lunenburg County and Queens County Nova Scotia. The Library is registered as a charity with CRA under the income tax act and as a not-for-profit organization under the Societies Act of Nova Scotia.

2. Accounting policies

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Revenue recognition

The Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations and interest income on the reserves are recognized as direct increases in reserve funds.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets funded by the operations are charged to expense in the year of purchase and recorded as an asset in the capital fund, with a credit to the investment in capital assets. When property and equipment is disposed of, the cost of the asset is written off against the investment in capital assets account. Depreciation of fixed assets is recorded on the diminishing balance method at the following rates except for leasehold improvements which are depreciated on the straight line basis:

Library materials	25%
Equipment	20-30%
Vehicles	30%
Leasehold improvements	20%SL

Use of Estimates

In preparing the Library's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and reported amounts of revenue and expenses. Actual amounts could differ from these estimates.

Fair values

The fair value of the Board's short-term financial instruments (cash, accounts receivable and accounts payable) approximates carrying value, due to the short-term maturity of these financial instruments.

South Shore Regional Library Board

Notes to the Financial Statements

March 31, 2011

2. Accounting policies (continued)

Library materials

No inventory of library materials on hand has been taken. When library materials are purchased they are charged to expense in the year of acquisition, and inventory is not recorded. Library materials for which purchase orders are outstanding at the end of the year are charged to expense and set-up as accounts payable for library materials committed.

Statement of cash flows

A statement of cash flow is not prepared and presented here as it would not provide additional useful information. Information about financing and investing activities and their effects on cash resources are readily apparent from the other financial statements.

Revenue recognition

Revenue is recognized in the period in which the funds pertain. Revenue which is received prior to the period in which it is to be accounted for is included in deferred revenue.

Financial Instruments

The fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts, due to the short term nature of these financial instruments. The fair values of restricted and unrestricted investments are reflected in the statement of financial position.

3. Change in accounting policies

Adoption of 1506 - "Accounting Changes"

The Library adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook standard 1506 "Accounting Changes" that became effective for interim and annual financial statements relating to fiscal years beginning on or after April 1, 2008. The new section prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. Under this section the Association is also required to disclose new primary sources of GAAP that have been issued but that are not yet effective.

South Shore Regional Library Board

Notes to the Financial Statements

March 31, 2011

4. Pension

Deferred charges

A deferred charge has been recorded as an asset to reflect the pension cost. The related expense is being amortized over the estimated average remaining service life (EARSL) of 14 years, as calculated by management. As the Library does not have a mandatory retirement age, management has assumed a retirement age of 65 resulting in remaining service between 4 and 28 years. The annual pension charge is \$7,584. As at March 31, 2011 the unamortized balance is \$30,265.

Retirement allowance liability

A motion was passed on November 20, 2001 to supplement the retirement of employees based on their service between January 1, 1988 and January 1, 1998. A liability had been set up in the amount of \$106,100 based on an actuarial valuation of the liability. Annually this liability is decreased as employees retire and is increased to reflect pensionable salary increases. As at March 31, 2011 the balance is \$67,380.

5. Appropriations from Governments

	<u>2011</u>	<u>2010</u>
Region of Queens Municipality	\$ 70,352	\$ 67,020
Municipality of the District of Chester	67,358	65,116
Municipality of the District of Lunenburg	156,399	147,446
Town of Bridgewater	49,480	46,679
Town of Lunenburg	14,446	14,871
Town of Mahone Bay	5,665	5,667
Province of Nova Scotia	993,103	947,000
Other Municipal Funding	<u>14,000</u>	<u>17,486</u>
	<u>\$ 1,370,803</u>	<u>\$ 1,311,285</u>

6. Capital assets

					<u>2011</u>	<u>2010</u>
	Library Materials	Equipment	Vehicles	Leasehold Improvements	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 511,060	\$ 44,229	\$ 175,979	\$ 529	\$ 731,797	\$ 448,318
Additions	<u>303,090</u>	<u>11,921</u>	<u>-</u>	<u>-</u>	<u>315,011</u>	<u>460,570</u>
	814,150	56,150	175,979	529	1,046,808	908,888
Disposals	<u>-</u>	<u>-</u>	<u>(151)</u>	<u>-</u>	<u>(151)</u>	<u>-</u>
	814,150	56,150	175,828	529	1,046,657	908,888
Depreciation	<u>(165,524)</u>	<u>(13,518)</u>	<u>(52,748)</u>	<u>(106)</u>	<u>(231,896)</u>	<u>(177,091)</u>
Balance, end of year	<u>\$ 648,626</u>	<u>\$ 42,632</u>	<u>\$ 123,080</u>	<u>\$ 423</u>	<u>\$ 814,761</u>	<u>\$ 731,797</u>

South Shore Regional Library Board

Notes to the Financial Statements

March 31, 2011

7. Long term debt	<u>2011</u>	<u>2010</u>
Prime plus 1.5% demand loan, payable in monthly instalments of \$394 principal plus interest. As security the Board has provided an assignment on specified equipment.	\$ 65,934	\$ 70,910
Less: amount payable within one year	<u>4,728</u>	<u>4,728</u>
	<u>\$ 61,206</u>	<u>\$ 66,182</u>

Principal repayments required over the next five years are as follows:

2012	\$ 4,728
2013	\$ 4,728
2014	\$ 4,728
2015	\$ 4,728
2016	\$ 4,728

8. Internally restricted

The Library passed a motion March 15, 2011 that accumulated surplus from fiscal year end 2010/2011 would be put into a short term reserve designated for new furnishings and equipment for the Library space at the Lunenburg County Lifestyle Center.

9. Pension plan

The South Shore Regional Library currently makes contributions to a pension plan on behalf of employees who participate in the plan. The pension plan is a defined contribution plan and is administered by Sunlife Assurance Company Limited on behalf of the Library Board.

Pension plan contributions made by the Board for the current year are \$39,990 (2010 - \$45,131).

10. Commitments

The Board signed a five year lease agreement commencing January 1, 2009 and expiring December 31, 2013. Lease payments are \$5,169 per month plus applicable taxes.

The Board has received confirmation that they will be relocating to the Lunenburg County Lifestyle Centre January 1, 2013. At this time no contract has been signed for lease amounts.

11. Economic dependence

The Board is dependent on the Province of Nova Scotia for the majority of its funding to provide Library services in Lunenburg and Queens County.

12. Comparative figures

Certain of the 2010 comparative figures have been reclassified to conform to the presentation adopted for 2011.